

Operational Risk

In the 21st century, what is critical to success in military conflict is not necessarily mass as much as capability.

*Secretary of Defense Donald H. Rumsfeld
January 13, 2004*

**Do We Have
the Right
Forces
Available?**

**Are Our
Forces
Postured to
Succeed?**

**Are Our
Forces
Currently
Ready?**

**Are Our Forces
Employed
Consistently With
Our Strategic
Priorities?**

What is operational risk?

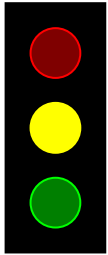
In simplest terms, it is about whether we can overcome today's threats—about our ability to create plans that can be adapted quickly as events unfold, train for the next real-time mission, and supply the warfighters with what they need *now*. It is about achieving near-term objectives, not long-term outcomes—thus, it is an important dimension of the defense strategy, but not the entire strategy.

We assess the degree of operational risk from three perspectives:

- *Likelihood of failure* (of a military action or other operational activity to accomplish its stated objective)
- *Consequences of failure* (on the Department's ability to achieve its overall strategic goals)
- *Time* (as it relates to how conditions defining the likelihood of failure and its consequences may change over several years).

The Secretary's performance priorities for operational risk in FY 2005 are *Successfully Pursue the Global War on Terrorism, Strengthen Joint and Combined Warfighting, Combat the Proliferation of Weapons of Mass Destruction, Implement New Concepts for Global Engagement, and Improve Homeland Defense*.

DO WE HAVE THE RIGHT FORCES AVAILABLE?

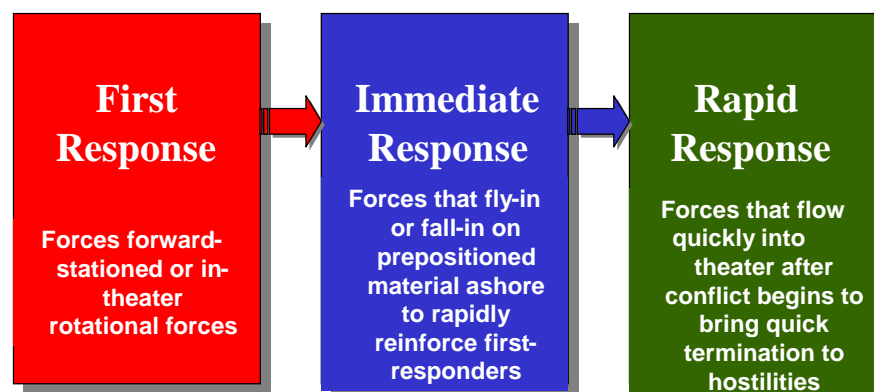


Experience thus far in the global war on terror, particularly in Iraq and Afghanistan, has shown that we have a somewhat of a Cold War mix of active and reserve forces remaining, and we really do need to adjust it to reflect the circumstances of this new century . . . Second, we will be adjusting our global posture . . . Third, we're in the process of implementing our new National Security Personnel System as an important step in better managing the civilian and military work forces.

*Secretary of Defense Donald H. Rumsfeld
January 6, 2004*

Today we increasingly rely on forces that are capable of both symmetric and asymmetric responses to current and potential threats. We must prevent terrorists from doing harm to our people, our country, and our friends and allies. We must be able to rapidly transition our military forces to post-hostilities operations, and identify and deter threats to the United States while standing ready to assist civil authorities in mitigating the consequences of a terrorist attack or other catastrophic event. These diverse requirements will demand that we integrate and leverage other elements of national power, such as strengthened international alliances and partnerships.

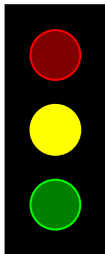
To meet these new missions, and to hedge against an uncertain future, we are developing a broader portfolio of capabilities, and realigning our forces using a building-block approach to match those capability portfolios with mission goals.



Sample Operational Availability Building Blocks

We have used this building-block approach to operational availability assessments to investigate how an alternative mix of active and reserve forces and their capabilities can be aligned to a range of missions, including homeland defense, and to begin developing the mid- to long-term scenarios being developed alongside emerging warfighting concepts (see the discussion of the “Joint Operations Concepts” and “Analytic Baseline,” below). During FY 2004 and the first part of FY 2005, we will more closely examine capabilities needed for homeland defense, strategic deterrence, joint force capabilities and equivalencies, mobility, and the force structure needed to support overseas rotations (called “rotation base”).

ARE OUR FORCES POSTURED TO SUCCEED?



Before we deploy forces to deter or fight an adversary, we must first decide whether we have the right capabilities in the right place to achieve the desired effect—and understand how deploying forces from one region to another may impede or enhance our ability to accomplish our strategic goals in another region, or at home.

Global Force Management

We are aiming to increase our ability to fulfill our international commitments more effectively...to ensure that our alliances are capable, affordable, sustainable and relevant . . . We are not focused narrowly on force levels, but are addressing force capabilities. We are not talking about fighting in place, but moving to the fight. We are not talking only about basing, we are talking about the ability to move forces when and where needed.

*Under Secretary of Defense for Policy Douglas Feith
December 3, 2003*

We are committed to building an analytically based, interactive management approach to deciding which forces will bring the best mix of capabilities to bear on the mission at hand. The Global Force Management (GFM) process, now being developed, will provide insights into the global availability of forces, allowing military planners to do quick-turn, accurate assessments of how force changes will affect our ability to execute plans and evaluate associated risk. These assessments, in turn, will help us match the right force capa-

bilities to emerging missions while providing visibility to stress on the force caused by frequent deployments away from home station.

During FY 2003, we took two major steps toward establishing a global force management process. First, we began integrating the previously stand-alone decision systems that we use to assign and deploy forces. Second, to support this new approach, we established a "community of interest" comprising active joint force planners worldwide to help us decide how to better organize joint force management data so it can be made more timely, reliable, and authoritative.

In FY 2004, we will formally assign roles and responsibilities for the new Global Force Management process, and will stand up an oversight board of senior military managers to assess how best to apply joint capabilities to military missions. This board will set priorities among competing demands for forces. At the same time, we are establishing timelines (and associated costs) for improving existing force structure data and developing new cross-functional data tools.

A prototype of the improved force structure organization using the Army will be completed in FY 2005. Also by FY 2005, we will integrate the new Global Force Management process in the update to our "Forces For Unified Commands" document, which formally assigns forces to combatant commanders.

The Global Force Management Process subsumes two developmental measures reported in our last performance plan: the "Global Force Presence and Basing Study" and the "Joint Presence Policy." The former study will continue through FY 2005 and will be a key input to the Global Force Management baseline. An initial version of a Joint Presence Policy initiative was used to allocate rotational forces during FY 2004; the final version of the policy will be integral to the Global Force Management process.

Theater Security Cooperation

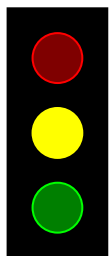
Theater security cooperation plans set specific, by-region goals for how the activities of combatant commanders, the military services, and defense agencies should contribute to building relationships with foreign defense establishments that promote specific U.S. secu-

rity interests and develop allied military capabilities for self-defense and coalition operations. These plans describe how the U.S. and its defense partners will share information and intelligence, and provide peacetime and contingency access (including en-route infrastructure) for U.S. forces that must traverse international boundaries during crisis operations.

During FY 2003, each of the theater plans were updated to specifically address six major defense policy themes: combating terrorism, transforming alliances, influencing direction of key powers, cooperating with parties to regional disputes, combating weapons of mass destruction, and realigning the global defense posture. Throughout FY 2004, combatant commanders are adapting their theater strategies to define the outputs necessary for achieving these six goals in their regions of interest. As the plans mature during FY 2005 and come on line as an active allocation tool thereafter, specific performance measures will be assigned to each theater plan. Combatant commanders then will be required to annually compare actual results to these performance targets.

ARE OUR FORCES CURRENTLY READY?

Defense Readiness Reporting System



DRRS will transform our readiness assessment . . . Not only will the combatant commanders be able to immediately assess the readiness of assigned and allocated forces, but they will also be able to assess the ability of the supporting commands, agencies, and the other services in executing the war plan.

*Deputy Under Secretary of Defense for Readiness Paul W. Mayberry
April 9, 2003*

For many years, we have relied primarily on the classified Status of Resources and Training System (SORTS) reports maintained by all the military services to track actual personnel levels, equipment stocks, and training performance against standard benchmarks. The Joint Chiefs of Staff and senior civilian leaders then assess these data against a range of operational scenarios during the Joint Quarterly Readiness Review and Senior Readiness Oversight Council meet-

ings. The resulting evaluations are summarized along with key readiness trends in the Department's classified Quarterly Readiness Report to Congress.

The SORTS system, however, does not capture performance information for joint missions or for the full range of missions beyond a major regional contingency, such as those required to prosecute a successful war on terrorism. Accordingly, we have undertaken a fundamental overhaul of our readiness reporting process. DoD Directive 7730.65, *Department of Defense Readiness Reporting System*, orders three fundamental changes to how we evaluate force readiness:

- Unit readiness will be measured against missions assigned to combatant commanders, rather than against doctrinal tasks unique to a military service.
- Real-time status reporting and scenario modeling will be used for assessments, not only during peacetime, but as a crisis unfolds and while operations are ongoing.
- Tighter linkages will be established between readiness planning and budgets.

The Defense Readiness Reporting System successfully completed a proof-of-concept assessment in the fall of 2002. With the awarding of the prime development contract, we are working toward an initial operating capability in FY 2004 with full fielding planned during FY 2007. This year, we will begin fielding DRRS network architecture and plans assessment tools to selected units in one combatant theater, giving those units an initial joint readiness assessment capability. By the end of FY 2005, we will transition from the current Global SORTS to the Enhanced SORTS, or ESORTS. This will expand the number of theaters reporting and assessing readiness to execute select OPLANS via a robust and secure DRRS network.

Analytic Baseline

We have replaced our previous measure under this goal – Current Force Assessment – with a new developmental effort. The old metric took a lagged approach, focusing primarily on “hot wash” reviews of how existing plans succeeded in responding to emerging crises. In

contrast, the new process is intended to provide leading indicators by providing a common set of scenarios that can be used to refine crisis plans for both the near- and mid-term via quick-response, comparative analysis. Supporting data will be reviewed and validated by the military departments and combatant commanders, and reflect actual war plans and the regional outcomes goals approved by the President and Secretary of Defense. Future-year baselines will reflect the response options and results of the ongoing operational availability reviews as they are approved (see the discussion of “Operational Availability,” above). Two future-year baselines were finished in FY 2003. The goal for FY 2005 is to complete the initial set of current- and future-year baselines.

Adaptive Planning

We are most ready when we can adapt our plans to emerging conditions. Accordingly, our plans now encompass the full range of missions—from homeland defense and the war on terrorism to major conflicts. They are becoming modular, so we can mix-and-match capabilities to respond to surprise or take advantage of opportunities. During FY 2003, the U.S. Pacific Command tested a new planning tool, Collaborative Force Analysis Sustainment and Transportation (CFAST), which uses networked information to dramatically reduce the time needed to develop operational plans. During FY 2004 and FY 2005, we will test other innovative planning tools like CFAST and begin producing “living” plans that can be integrated into the joint command-and control system, where they will be continuously and immediately available for reference, review, or change. The long-term goal is to replace our existing operational and contingency planning system with one that can quickly adjust to unfolding events—and thus better able to provide relevant, real-time options to the President and Secretary of Defense.

Operational Lessons Learned

When you do not see an enemy being organized, that you take advantage of that opportunity and basically, you know, drive to the heart of this issue . . . which I think is really, again, to the point of adaptiveness of U.S. forces in terms of having done the intellectual preparation to understand an opportunity and then to seize that opportunity and follow it through.

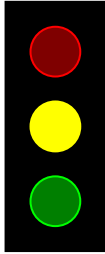
*Brigadier General Robert W. Cone, Director, Joint Center for Lessons Learned
October 2, 2003*

The key tenet of good performance planning is a strong feedback loop. The *Strategic Plan for Transforming Department of Defense Training* (www.t2net.org) directs that lessons learned are integrated into the development of new training processes and systems. In their annual updates to strategic planning guidance, both the Secretary of Defense and the Chairman of the Joint Chiefs of Staff mandate that lessons learned from operational missions be systematically captured and reflected in joint operational concept development and experiments.

During FY 2003, the Chairman's training staff began analyzing available tools for collecting and assessing existing lessons learned; subsequently, they were able to develop alternative courses of action in concert with the on-going lessons-learned activities associated with Operation Iraqi Freedom. Also during FY 2003, the U.S. Joint Forces Command began to evaluate lessons emerging from operations for the global war on terrorism. Joint lessons-learned specialists were placed in selected Combatant Command staffs. We also established lessons learned centers with each of the military services to assist with collection, analysis, and distribution processes.

Our long-term goal is to maintain a fully distributed and networked program that captures, analyzes, and implements all significant lessons learned. This future system will include quantitative performance measures linked directly to the capabilities given priority under the defense strategy. During this year and in FY 2005, lessons-learned will be integrated into training and readiness systems, as those activities mature.

ARE OUR FORCES EMPLOYED CONSISTENTLY WITH OUR STRATEGIC PRIORITIES?



It is not enough to plan effectively—we also must manage how forces are allocated and employed so that we may act in a manner consistent with the overarching objectives of the defense strategy.

In practice, this can be hard to do as the press of day-to-day business favors a singular focus on immediate events. However, if we are ever to effectively “buy down” operational risk for the Department, we must learn to analytically evaluate each individual, near-term task within the wider context of our strategic priorities over the long term.

Accordingly, we are enhancing our strategic planning process by developing specific analytic tools to better articulate the balance between the deployment and employment of forces and the needs of non-combat activities, such as training, exercises, and contingencies supporting enduring security missions. We are also continuing to build a strong and effective interagency process for analyses and policy development that allows the Department to leverage the talent and capabilities of other elements of national power.

Enhanced Planning Process

By institutionalizing such capabilities-based planning, we can make better choices as we position to face a wider range of future challenges. This approach will employ tailored, quantitative, and qualitative measures that help the Secretary and his senior advisors decide, “How much is enough?” The analytic tool set required to do this involves developing:

- Alternative courses of action and joint operating concepts for our operational and contingency plans.
- Common, comparable operational risk metrics for strategic priorities, individual events, and operations and contingency plans.
- Models and simulations to refine near-term options, supported by a data process that keeps information on U.S.

and aggressor capabilities up-to-date and in a form readily available for analysis.

Joint Operations Concepts

Joint Operations Concepts describe how Army, Navy, Air Force, and Marines coordinate military operations with other U.S. government and international agencies and military forces across the range of military operations 15 to 20 years from now. As such, they guide decisions we make today on what investments we should make to ensure capabilities tomorrow – and affect programmatic decisions across the force, encompassing doctrine, organizations, training, materiel, leadership and education, personnel (military and civilian), and facilities.

The long-term goal is to integrate these new concepts into the Department's formal planning process (to include contingency and operational planning). As a first step, during FY 2003 the Secretary and the Chairman of the Joint Chiefs of Staff directed that work begin on four new *operating* concepts (major combat operations, stability operations, homeland security, and strategic deterrence) and five *functional* concepts (force application, command and control, battlespace awareness, focused logistics, and protection). As the initial concepts are developed during FY 2004 and FY 2005, a mix of peer and stakeholder reviews and "red team" assessments will critique the proposals. As the concepts mature and are approved for fielding, performance-based metrics will be established that are more quantitative and tied to the defense strategy.